

## Timeline, Phases, Criteria, and Incentives

### Phase 1 – Accelerated Merger – Supervisory Union (SU) Merger into a Preferred Structure

- *Deadlines:*
  - approval by electorate: July 1, 2015 – **June 30, 2016**
  - operational: on or before **July 1, 2017**
- *Who*: all districts in an existing supervisory union (SU); also authorized to incorporate an existing Supervisory District (SD)
- *Criteria:*
  - preK-12 district (unified union school district per 16 V.S.A. ch. 11) that either:
    - operates PreK/K-12
    - operates PreK/K-8; tuitions 9-12
    - operates PreK/K-6; tuitions 7-12
  - is its own Supervisory District
  - 900 average daily membership (ADM) minimum
  - demonstrates ability to meet stated goals
  - provides data to the Agency of Education
- *Incentives:*
  - homestead property tax rate reduction during first 5 years of operation:
    - \$.10 / \$.08 / \$.06 / \$.04 / \$.02
    - Income-payers' percentage adjusted accordingly
    - Rate in any former district cannot increase by >5%
  - Merger Support Grant:
    - Existing Small School Grants transformed into Merger Support Grant
    - Paid annually unless and until small school closed (but paid for life of bond if closed due to building consolidation)
  - Transition Facilitation Grant – in first year of operation equal to lesser of:
    - \$150,000 or
    - 5% of base education amount multiplied by new district's ADM
  - exempted from paying back % of state construction aid if close a building
  - continued eligibility for 3.5% hold-harmless when protection repealed FY21
  - not subject to reorganization by State Board of Education in 2019
- *Sources*: Act No. 46, Secs. 6, 10, 13, and 25 (2015)

## Phase 2 – Regional Education Districts and Their Variations (potential “alternative structures”)

The three Regional Education District (RED) variations eligible for RED incentives are:

- (1) Side-by-Side Mergers – fully operating & non-or-partially operating PreK-12 mergers
  - (2) Layered Mergers - majority of districts sending students to a union high school district form a union elementary district
  - (3) Modified Unified Union School District (MUUSD)
- *Deadlines:*
    - approval by electorate: **July 1, 2017**
    - operational: on or before **July 1, 2019**
  - *Who*: districts, regardless of whether they are in the same SU
  - *Criteria* (except as altered in the three RED variations above):
    - preK-12 district (unified union school district per 16 V.S.A. ch. 11) that either:
      - operates PreK/K–12
      - operates PreK/K–6; tuitions 7–12
      - tuitions PreK/K–12
    - 1,250 ADM minimum or merger of 4 districts
  - *Incentives Include:*
    - option of one of following:
      - homestead property tax rate reduction during first 4 years of operation:
        - \$.08 / \$.06 / \$.04 / \$.02
        - Income-payers percentage adjusted accordingly
        - Rate in any former district cannot increase or decrease by >5%
      - \$400 multiplied by new districts’ ADM in first year of operation
    - Merger Support Grant:
      - existing Small School Grants transformed into Merger Support Grant
      - paid annually unless and until small school closed (but paid for life of bond if closed due to building consolidation)
    - Consulting Services Grant: reimbursement of up to \$20,000 in fees
    - Transition Facilitation Grant: in first year of operation equal to lesser of:
      - \$150,000 or
      - 5% of base education amount multiplied by new district’s ADM
      - *reduced by any amount received as a Consulting Services Grant*
    - exempted from paying back % of state construction aid if close a building
    - continued eligibility for 3.5% hold-harmless when protection repealed FY21
    - not subject to any reorganization by State Board of Education in 2019
  - *Sources*: Act No. 153, Secs. 2, 3, and 4 (2010) (as amended);  
Act No. 156, Secs. 1, 15, 16, and 17 (as amended in 2013) (2012)  
Act No. 46 (H.361), Secs. 10, 13, 15, 16, 17, and 25 (2015)

### Phase 3 – Merger into a Preferred District Structure after Accelerated Activity Deadline

- *Deadlines:*
  - approval by electorate: **no deadline**
  - operational: on or before **July 1, 2019**
- *Who*: districts, regardless of whether they are in the same SU or are contiguous
- *Criteria*: same as in an Accelerated Merger (Phase 1) except deadlines and no requirement for data submission
- *Incentives:*
  - homestead property tax rate reduction during first 4 years of operation:
    - \$.08 / \$.06 / \$.04 / \$.02
    - Income-payers percentage adjusted accordingly
    - Rate in any former district cannot increase or decrease by >5%
  - Merger Support Grant:
    - Existing Small School Grants transformed into Merger Support Grant
    - Paid annually unless and until small school closed (but paid for life of bond if closed due to building consolidation)
  - continued eligibility for 3.5% hold-harmless when protection repealed FY21
  - not subject to any reorganization by State Board of Education in 2019
- *Sources*: Act No. 46 (H.361), Secs. 7, 10, and 25 (2015) (*note*: Sec. 13 construction repayment exemption if not a RED is repealed 7/1/17)

### Proposals by Other Districts and Secretary; State Board of Education's Plan

- *Deadlines:*
  - **November 30, 2017** – districts that have not been moving toward merger, or had a failed vote, or otherwise won't be a preferred structure by **July 1, 2019**:
    - self-evaluation
    - meetings with other districts
    - submit proposal to Secretary / State Board of Education that either:
      - retaining structure or
      - forming a different structure with one or more other districts or
      - working with other districts (*e.g.*, contracts)
  - **June 1, 2018** – Secretary creates proposal as necessary & submits to State Board of Education
  - **November 30, 2018** – State Board of Education issues a final plan requiring merger/realignment as necessary
    - after testimony; additional data; etc.
    - plan will not affect:
      - interstate school districts (2)
      - career technical center school districts (3)
      - voluntarily created unified union school districts that are operational between June 30, 2013 and July 2, 2019
- *Sources*: Act No. 46 (H.361), Secs. 9 and 10 (2015)

## Other Dates in Act 46

*December 31, 2015:*

- \$150,000 Transition Facilitation Grant for merger of multiple SUs or of multiple districts:
  - eligibility expires if merger does not also meet the requirements of a RED or one of its variations (*see* Phase 2) or the requirements of the preferred district mergers contemplated in this act (*see* Phase 1)
- *note* that all other Act 153/156 financial incentives (*e.g.*, reimbursement) continue

*July 1, 2016 – Fiscal Year 2017:*

- 3.5% calculation – “tail” removed (or transition year #1) – applies in FY17
- variable 2% spending growth cap – applies in FY17

*July 1, 2017 – Fiscal Year 2018:*

- 3.5% calculation – “tail” removed (transition year #2) – applies in FY18
- variable 2% spending growth cap – applies in FY18
- 5% Tax Increase – failure to follow law re: SU duties – FY18 is earliest it can apply

*July 1, 2018 – Fiscal Year 2019:*

- 3.5% calculation – “tail” removed (fully removed if transitioning) – applies FY19
- Small School Guidelines – State Board of Education publishes for annual determinations FY20 & after

*7/1/19 – Fiscal Year 2020:*

- New sustainable governance models become operational throughout the State
- Small Schools Grants –
  - unless paid in perpetuity as a Merger Incentive Grant (Phases 1, 2, and 3 above)
  - available only upon annual determination that small school is EITHER:
    - geographically isolated from another school with capacity OR
    - academically excellent and operationally efficient
- Education Quality Standards (EQS) Consequences – clarification of the State Board of Education’s existing authority and new State Board of Education authority for districts that are not moving toward meeting EQS (Sec. 40)

*July 1, 2020 – Fiscal Year 2021:*

- 3.5% calculation – hold-harmless provision repealed except if voluntarily merged per Phases 1, 2, or 3 above (Secs. 24 and 25)

*Note:* This document is provided for guidance only and does not have the force of law. See the underlying cited acts for more detail.